

Message Text

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AMEMBASSY KINSHASA

C O N F I D E N T I A L LUBUMBASHI 116

DEPARTMENT PASS EXIMBANK AND COMMERCE

E.O. 11652: GDS

TAGS: ECON, EMIN, ENRG, ELTN, CG

SUBJECT: CURRENT STATUS OF GECAMINES

REF: (A) LUB 112 (B) LUB A-32 (C) LUB A-34

1. CONSUL AND VICE-CONSUL CALLED UPON GECAMINES DELEGATE-GENERAL UMBA AUGUST 4 TO DELIVER LETTER LISTING TERMS OF EXIMBANK LOAN FOR GECAMINES EXPANSION (SEE REF A). DURING CALL, UMBA PROVIDED INFORMATION ON NUMBER OF QUESTIONS CONCERNING GECAMINES' CURRENT STATUS.

2. ACCORDING TO UMBA, GECAMINES NOW EXPECTS COPPER EXPORTS FOR 1976 TO BE ABOUT 460,000 METRIC TONS. PRODUCTION IS CURRENTLY RUNNING ABOUT 35,000-40,000 TONS PER MONTH. (COMMENT: 460,000 TONS SAME FIGURE UMBA GAVE CONSUL LAST MONTH--SEE REF C-- BUT IS CONSIDERABLY HIGHER THAN FIGURE OFFERED BY GECAMINES TECHNICAL DIRECTOR IN JUNE--SEE REF B-- WHO CLAIMED PRODUCTION WOULD BE DOWN ABOUT 36,000 TONS FOR YEAR. (END COMMENT).

3. UMBA EXPECTS WORK ON DILOLO BRIDGE, CURRENTLY UNDERGOING REPAIR OF PILES DAMAGED BY MINES, TO BE COMPLETED SHORTLY, PERMITTING RESUMPTION OF TRAFFIC TO AND FROM SHABA VIA BENGUELA RAILROAD BY MID-SEPTEMBER. AS 10-DAY DURATION
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OF TRIP FROM SHABA TO BENGUELA COMPARES VERY FAVORABLY WITH

OTHER ROUTES, UMBA PLEASED WITH PROSPECT OF EARLY REOPENING. UMBA ANTICIPATES THAT GECAMINES WILL EVENTUALLY RESUME IMPORT AND EXPORT ON BENGUELA RAILROAD ROUTE IN APPROXIMATELY SAME AMOUNTS AS PRIOR TO CLOSING, MEANING COPPER EXPORTS VIA THAT ROUTE SHOULD REACH 120,000 METRIC TONS PER YEAR.

4. UMBA NOTED THAT GECAMINES HAD JUST COMPLETED A STUDY OF THE COMPARATIVE COSTS INVOLVED IN OBTAINING COAL AND COKE FROM WESTERN EUROPE AND THE U.S. VERSUS LOSSES WHICH WOULD RESULT FROM TEMPORARY SHUTDOWN IN EVENT OF CESSATION OF COAL IMPORTS FROM RHODESIA. CONCLUSION WAS THAT IT WOULD BE PREFERABLE TO PURCHASE COAL AND COKE FROM WESTERN EUROPE AND U.S. RATHER THAN SHUT DOWN. PER UMBA, COST OF OBTAINING COAL AND COKE FROM THESE SOURCES WOULD BE TWO AND A HALF TO THREE TIMES CURRENT COST. FEASIBILITY OF EMERGENCY PURCHASE OF WESTERN COAL AND COKE WOULD BE INCREASED WITH OPENING OF BENGUELA RAILROAD. UMBA DESCRIBED POSSIBILITY OF COAL AND COKE PURCHASES FROM WEST AS SAFETY VALVE IN EVENT FIGHTING FLARES UP IN RHODESIA (REF C).

5. UMBA CONFIRMED THAT MID-JULY SETTLEMENT WITH WORKERS CALLED FOR 15 ZAIRE PER MONTH INCREASE IN SALARIES FOR WORKERS BELOW CADRE LEVEL (REF C). HE SAID MOBUTU'S PRESENCE IN SHABA AT TIME OF LAST MONTH'S THREATENED STRIKE HAD USEFUL "PSYCHOLOGICAL EFFECT" ON WORKERS, THOUGH, ACCORDING TO UMBA, MOBUTU NEVER ACTUALLY MET WITH GECAMINES WORKERS. UMBA ACKNOWLEDGED THAT SOME WORKERS HAD SOUGHT TO INSTIGATE SLOWDOWN ON JULY 16, BUT ALLEGEDLY VERY FEW HAD GONE ALONG. UMBA FELT THAT LABOR PROBLEMS NOT LIKELY TO RECUR AT GECAMINES IN IMMEDIATE FUTURE.

6. ACCORDING TO UMBA, GECAMINES IS NOW RECEIVING ABOUT 100 CUBIC METERS OF DIESEL OIL PER DAY, UP FROM 91 A FEW MONTHS BACK BUT BELOW 110 NEEDED FOR FULL PRODUCTION NEEDS. EARLIER SHORTAGES OF DIESEL, WHICH USED BY TRUCKS TRANSPORTING ORE FROM MINES TO RAILROAD, HAD FORCED CUTBACK IN OVERBURDEN STRIPPING, BUT RECENT RISE IN DIESEL AVAILABILITY HAS PERMITTED RESUMPTION OF MORE NORMAL LEVEL OF ACTIVITY (REF B).

7. UMBA SAID THAT SAFRICAS HAS BEGUN CIVIL ENGINEERING SURVEY
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FOR GECAMINES EXPANSION PROJECT, BUT IS RUNNING 20 MONTHS
BEHIND SCHEDULE.
BORG

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